497 Railroad traffic is lively: military trains pass Kaunas every few minutes. A single passenger train circulates daily between Vilnius and Kaunas, and one train operates every other day between Kaunas and Seltokai.

499 505 Graveled highways go unrepaired, showing ever greater deterioration. Few ships and barges are seen on the Nemunas, as most of the fleet managed to escape to Denmark in 1944.

465 511 All artisans were driven into "artels": excessive taxes did the trick.

[435] Wages are low and working hours are long. Prices are twice as high as in Moscow: one week's wages is spent on a kilogram of butter. In 1945 butter was transported from Lithuania to Moscow in an "airlift operation," by planes. The Muscovites liked Lithuanian butter—and butter is still exported, depriving the Lithuanians of their diet. Numerous deductions are withheld from wages—up to one half, including "voluntary" subscriptions to state loans, etc.

In consequence of the meager pay, every worker attempts to steal whatever he can, and to sell the stolen products in the black market. Lately the bureaucracy —itself most guilty of embezzlement—began penalizing the workers with harsh penalties. Nevertheless, the practice of stealing is universal, and the Russian officials set the pace. Whenever the so-called "exemplary state farms" call for volunteers to assist in planting or harvesting—there are enough volunteers who anticipate a chance to "hook something."

The morale of factory workers is as low as that of the farmers. The living conditions steadily deteriorate. Discontent over "stakhanovite efficiency," long working hours, low pay, lack of clothing, etc. is widespread. In the early part of 1948 the regime abandoned its choicest proffer to workers—the bait of appointment [554] to managing posts. Today, there is a tendency to build up cadres of skilled specialists, a privileged caste of people in uniform—even telegraph post climbers wear uniforms. . . .

Moral Situation

000 Symbols of Russian "culture" and ways of life universally exhibited by the "masters and victors" are—violence, profanity, drunkenness, thievery, deceit and raggedness.

685 Any criminal tendencies among the natives were drastically curbed by the underground authorities. Felonies were penalized by death sentences—and the sentences were carried out. But thieving is uncontrollable in the factories and in the supply services.

273 186 The Russians and their bootlickers revel in continual drunkenness. Vodka is the universal form of bribe. Unfortunately, the brutal conditions of life affected the Lithuanians to a certain degree, too. People are tempted to forget bitter reality for a half hour at least. The resistance movement continually wages a press propaganda against alcoholism ("Don't be like a Russian!"). For strictly practical considerations of maintaining a supply service for its armed units, the resistance movement repeatedly issued orders banning home distilling and any waste of the much needed grains. The Russians, however, pursue a definite policy aimed at demoralizing the natives and weakening their moral standards. Vodka is dumped on the market in unlimited unrationed qualities. But—the Church is still permitted to preach against the evils of drunkenness.

	1931	1932	1934	1935	1936	1937
In Millions of kWh	18.7	18.8	22.3	25.7	28.4	35.6
In 1 000 Litas	12 500	11 880	11 310	12 068	12 851	15 172

The following indices are calculated on the basis of the foregoing data:

	1931	1932	1934	1935	1936	1937
Production Index	100.0	100.5	119.3	137.4	151.9	190.4
Price Index	100.0	94.0	76.1	70.1	67.2	64.2

If we compare the course of this price index with the price-index of industrial raw material and produce of the Lietuvos Bankas Bulletin (vide the chapter on „Home Trade"), we must recognize that the prices of current in 1932 were maintained disproportionately high; that in 1937, on the other hand, the average price in comparison with the previous year, contrary to the general price tendency, abated only negligibly. In the interest, indeed, of mechanization of the industry, a further price reduction would be desirable.

10. The Stone and Earth Industry.

A relatively higher percentage share of the employed industrial workers is apportioned to the stone and earth industry, the most important branches of which consist of brick and glass production. This in 1937 amounted to 2 827 or 9.0%, in which context, however, one must bear in mind that these figures relate only to the summer months, because in winter the brick-kilns are not working. The share in respect of the aggregate engine horse-power was far lower, viz., 3.1%, and the share in respect of the gross production value 2.0% and net 3.7%, which signifies a marked improvement.

This industrial branch in the pre-war Lithuania employed approximately 700 workers. It developed vigorously in independent Lithuania and has during the past decade more than doubled both the number of the staff and the scope of production.

* * *

At the end of this section we furnish one more comparative table, which shows us the development of the share of our three largest commercial organizations, viz., „Lietūkis", „Pienocentras", and „Maistas", in Lithuania's total export trade.

Year	Export of „Pienocentras", in 1 000 Litas	Export of „Maistas", in 1 000 Litas	Export of „Lietūkis", in 1 000 Litas	Total in 1 000 Litas	Share in Lithuania's Total Export Trade, in %
1928	10 437	1 266	1 000	12 703	4.9
1929	20 888	5 948	1 000	27 836	8.3
1930	35 201	24 849	10 986	71 036	21.3
1931	37 790	42 904	8 127	88 821	32.5
1932	37 079	42 814	952	80 845	42.7
1933	29 909	42 323	1 431	73 663	45.9
1934	30 231	34 880	2 520	67 631	45.9
1935	35 948	32 734	18 949	87 631	57.5
1936	48 228	42 723	18 209	109 160	57.3
1937	54 470	46 855	8 603	100 928	52.8

The figures of the foregoing tables confirm the accuracy of the assertion expressed in the chapter on foreign trade, that the relatively favourable development of our export trade during the crisis years should be entered to the credit account of „Maistas" and „Pienocentras". („Lietūkis" exports chiefly grain and its export is therefore, in dependence on the nature of the harvest, subject to severe fluctuations). Indeed, precisely in the years 1931—1935, when the value amount of our export trade was constantly sinking, did the share of our public commercial institutions grow most vigorously, whereas during both last years of the upward trend, when also private initiative began more strongly to manifest itself, it receded in a percentage sense.

5. The Dynamic of Price Development.

In the valuation of industrial production and the calculation of its index as well as in the estimate of the volume of the foreign and home-trade turnover, we have already been able to

435 determine the important rôle of price variations during the last ten years. In the specific structure of Lithuanian economy, i. e. the economy of an agrarian land, which must procure the most essential industrial supplies from abroad in exchange for its agrarian products, price equalization, or the so-called „scissors" between the prices of agricultural and industrial staples, is the most important factor of contingent development. Since our industry heretofore has as yet provided hardly any means of production, the production of articles of consumption could cover only a part of the domestic demand, and since the portion of the population engaged in industry is as regards percentage negligible, the industrial crisis in Lithuania, which for the rest had only a slight and short-lived course, must be considered merely as a secondary phenomenon of the agrarian crisis. The causes of the economic stagnation, as Lithuania experienced it from 1932 to 1935*), repose in the sphere of foreign trade. In the chapter on foreign trade we saw, however, that our foreign trade turnover quantitative ly even in the crisis years remained above the level of 1929. This proves that the crisis was occasioned chiefly by the disturbance of the equilibrium of prices. [457] Our trade-balance indeed remained active in the crisis years, thanks to the licence system. We must, however, bear in mind that just as in foreign trade, on the home-market also equilibrium is disturbed by the price scissors, when every farmer must deliver correspondingly more of his produce in order to obtain an equivalent quantity of industrial supplies, whereby inevitably both his consumption is stifled and his zest for production discouraged.

The development of prices in Lithuania is shown by the following index groups, which are taken from the „Lietuvos Bankas Biuletenis" (1926—29=100):

Year	Total Price-Index	Agrarian Products	Industrial Raw Materials and Supplies	The Scissors
1927	100	100	101	— 1
1928	102	105	99	+ 6
1929	97	99	95	+ 4

*) The autumn of 1931 is to be taken as the beginning of the crisis, which has already influenced many year-end figures of that year.

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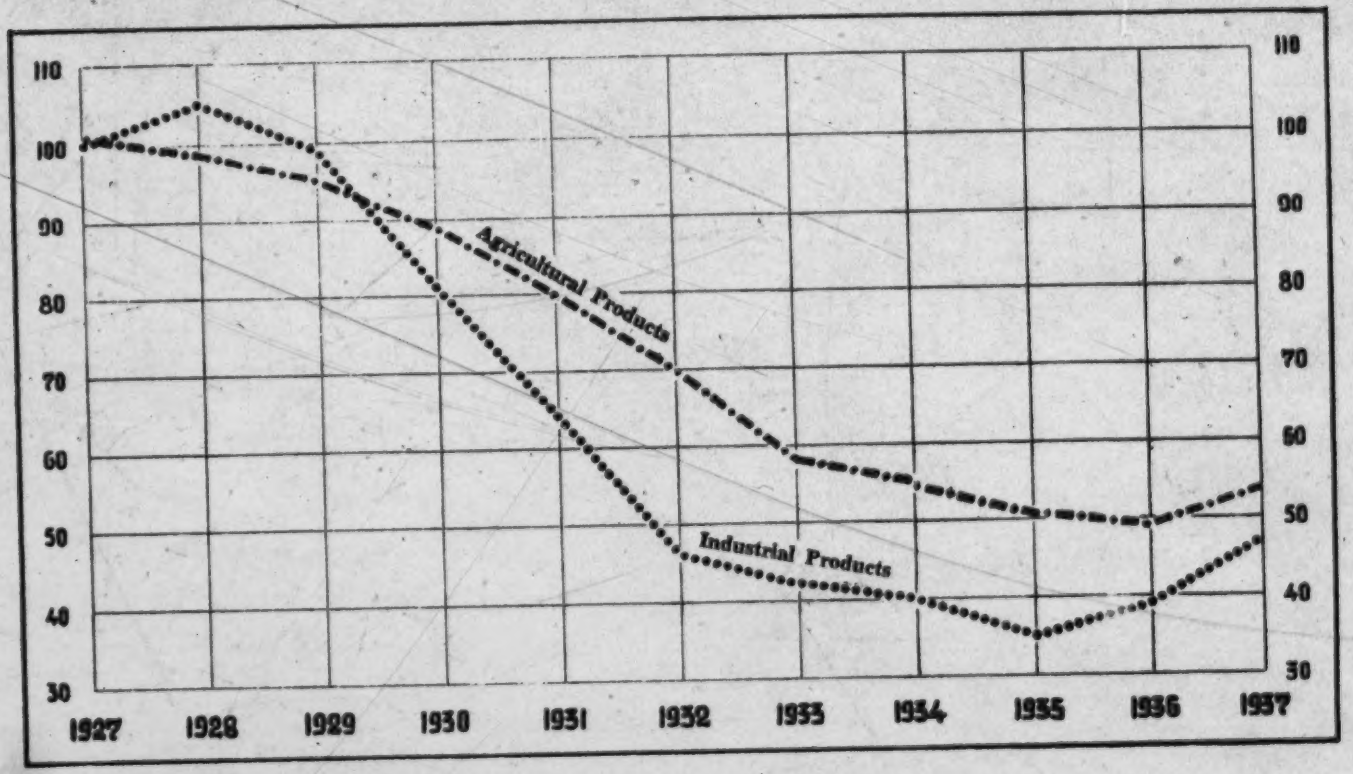
Diagram No. 5.

The Price Scissors of Agricultural and Industrial Products (1926—1929=100).



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● 435

1930	84	81	89	— 8
1931	72	64	80	—16
1932	59	46	70	—24
1933	52	42	58	—16
1934	50	40	55	—15
1935	45	35	51	—16
1936	45	39	49	—10
1937	51	47	54	— 7

The development course of the scissors confirms the accuracy of what was said at the outset: at the time of the most favourable trend the scissors were inconsiderable or even to the advantage of agrarian prices; during the crisis they amounted to 15 to 24 points, and after their subjugation at the time of the new advance, they sank to seven points.

For the sake of comparison, we adduce below the index figures of the world market prices calculated by the Statistical Office of Germany and converted by us to the basis year 1927. They show:

Year	Agrarian Products	Industrial Supplies	The Scissors
1927	100	100	—
1928	98	97	+ 1
1929	91	103	—12
1930	68	87	—19
1931	49	65	—16
1932	38	53	—15
1933	35	50	—15
1934	34	47	—13
1935	34	48	—14
1936	38	49	—11

The comparison shows us that the final figures of both index groups of the world market prices agree with our price-index, but that the course of development was a more diverse one. This distinction explains to us also one of the principal reasons why the last crisis began in Lithuania two years later than on a world scale. On a world scale the scissors' extension of 12 points had already been reached in 1929, but in Lithuania one of 16 point for the first time in 1931. The fact that the maximum extension with us counted 24 points, but on a world

scale only 19 points is due to the agrarian character of our country and its dependence upon export. 435

In order to ameliorate the disadvantageous operation of the scissors, the Government since 1931 has introduced fixed prices for several of the most important staples, such as grain, butter, eggs, and live pigs, whereby the difference between the world market price and the prices established for the home-market is made good by the State Treasury. The cost of this support for the period until the end of 1937 amounted to 133 800 000 litas and for the last three years alone to over 50 000 000 litas, in which context it should, however, be mentioned that in consequence of the attraction of world market prices for pigs, their subvention was suspended two years ago. 656 435

For a series of important commodities prices are regulated by a Price Controller. The fixing of maximum prices, especially for imported industrial goods, is undertaken on the basis of the world market prices and pursues the object only of putting a stop to a speculative bull movement and of checking dishonest competition.

The above-mentioned politico-economic measures of the Government have indubitably contributed to the relatively easy bridging over of the crisis.

The development of our retail prices for several of the more important characteristic commodities from 1929 to 1937 is shown by the following table collated on the basis of data of the Central Statistical Bureau: 435

A. Prices of Agrarian Products, in Litas.

Year	Rye, 50 klgrs.	Linseed, 1 klg.	Flax, 1 klgr.	Live Fattened Pigs, 50 klgrs.	Bacon, 1 klgr.	Unsalted Butter, 1 klgr.
1929	22.80	0.79	2.10	115.00	3.20	6.85
1930	11.30	0.68	1.50	96.00	3.05	6.00
1931	12.60	0.40	0.95	66.00	2.15	5.05
1932	12.30	0.26	0.84	50.00	1.45	4.10
1933	9.10	0.30	1.00	47.00	1.30	3.30
1934	9.00	0.32	0.95	44.00	1.25	3.10
1935	6.20	0.27	1.28	29.00	0.85	2.75
1936	7.20	0.24	1.12	35.00	1.05	2.80
1937	9.80	0.28	1.27	46.00	1.40	3.05

435

B. Prices of Industrial Supplies, in Litas.

Year	Soft Sugar, 1 klgr.	Sole Leather, 1 klgr.	Printed Calico, 1 metre	Spruce Boards, 1 m³	Coal, 100 klgrs.	Iron, 1 klgr.
1929	1.15	15.90	2.65	119.40	12.80	0.50
1930	1.10	14.50	2.55	124.00	12.00	0.49
1931	1.10	13.10	2.25	115.00	11.20	0.42
1932	1.25	11.20	1.95	97.00	10.40	0.32
1933	1.30	9.50	1.50	71.00	9.00	0.28
1934	1.30	8.80	1.50	67.00	8.40	0.27
1935	1.26	7.45	1.35	59.50	7.80	0.28
1936	1.00	7.40	1.32	58.00	7.60	0.28
1937	1.00	7.70	1.37	75.00	8.10	0.39

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known as "Lietuvos Cukrus" was founded (the shareholders being the State and sugar-beet-growers), and this centralises all sugar manufacture.

To improve the quality of agricultural produce for export, the Government controls the export of meat (since 1925), butter (since 1927), eggs (since 1927), linseed (since 1925) and flax (since 1926, the control having been further tightened up in 1934). The centralisation of exports of agricultural produce greatly facilitates export control and increases its efficacy.

At the time of the fall in the prices of agricultural produce on foreign markets, the Government, to stimulate supplies for export, fixed minimum prices for the pigs bought by the "Maistas" company, the milk supplied to the dairymen's co-operative societies and cream-separating centres (all the dairymen's co-operative societies in the country are affiliated to the "Pienocentras"), the eggs bought by the "Pienocentras" and the cereals bought by the "Lietūkis". In this way, agricultural prices have been maintained with the co-operation of the three central organisations.

Various measures have been adopted with a view to the reduction of costs of production. As long ago as 1933, the rate of interest on mortgage loans was lowered; the total of the land taxes payable by agriculturists during the years 1935 and 1936 was reduced by 10%. Agriculturists leaving their villages and settling on self-contained undertakings are exempt from Government land taxes for a period of one year (this privilege is enjoyed by all agriculturists who have taken over separate undertakings since 1932). Agriculturists who, having taken over separate undertakings since 1932, are obliged to change their place of residence (and such is the case with more than half of those concerned) receive from the Ministry of Agriculture a stated quantity of wood at 20% of the normal sale price. Under the price-control system introduced in 1935, maximum prices have been fixed for chemical fertilisers, bran, feeding-cakes, petroleum and certain other articles which are of particular importance to agriculture. For the 1938 autumn sowings, the Government (in conjunction with the "Lietūkis") has reduced the price of chemical fertilisers by itself paying the cost of railway transport.

In conclusion, it may be said that, in spite of the agricultural depression which made its appearance some five or six years ago and which has not yet entirely ceased, the Lithuanian agriculturist is at present in a better position than he was before the war; he is better fed and better clothed and has more money to spare for his cultural needs.[1]

[1] A detailed description of the progress made in this sphere and of the activities of the institutions and organisations for the promotion of agriculture is to be found in the work entitled *Agriculture in Lithuania*, by Professor J. KRIKŠČIŪNAS, published by the Chamber of Agriculture, Kaunas, 1938.